

Message Text

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PAGE 01 BOGOTA 08812 262311Z

62

ACTION AGR-20

INFO OCT-01 ARA-16 ISO-00 SPC-03 AID-20 EB-11 NSC-10

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FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC PRIORITY 9976

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E O 11652: NA

TAGS: EAGR

SUBJ: WORLD WHEAT SITUATION PL480

REF A. STATE 211027 B. BOGOTA 7861 C. BOGOTA 4612

FOR AIDAC PASS USDA/FAS FOR MEAD

1. DEPT INSTRUCTION REFTEL A PLACES EMB IN VERY DIFFICULT SITUATION. ON THE ONE HAND WE ARE ASKED TO INFORM HIGH GOC OFFICIALS THAT THE WHEAT SITUATION IS IMPROVED AND THAT THEY SHOULD NOT THEREFORE ENTER INTO LONG TERM PURCHASE COMMITMENTS WITH CANADA. ON THE OTHER WE STILL HAVE NOT RESPONDED TO COLOMIA'S REQUEST FOR PL480 TITLE I ASSISTANCE WHICH HAS BEEN PENDING FOR MORE THAN SIX MONTHS NOW (REFTELS B AND C).

2. WE CAN HARDLY EXPECT GOC TO BE SYMPATHETIC TO VIEWPOINT THAT "TIE-UP" OF TRADE WOULD PLACE BURDEN OF RISK OF FUTURE PRICE DEPRESSION UPON U S PRODUCERS. IN LAST 12 MONTHS THE PRICE OF WHEAT IMPORTED FROM THE U S HAS MORE THAN TRIPLED LEADING TO THE SERIOUS POLIT AND BUDGETARY PROBLEMS DETAILED IN REFTELS B AND C. THESE PROBLEMS HAVE BECOME EVEN MORE ACUTE IN RECENT WEEKS AS A RESULT OF HEAVY RAINS AND FLOODS WHICH HAVE DESTROYED

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PAGE 02 BOGOTA 08812 262311Z

SUBSTANTIAL ACREAGES OC CORN AND SORGHAM IN THE MAGDALENA RIVER

VALLEY. FROM GOC POINT OF VIEW IN LIGHT OF CURRENT HIGH PRICES
ONLY ALTERNATIVES MAY BE TO LOOK FOR A LONG TERM SUPPLY COMMITMENT
PERHAPS INVOLVING CONCESSIONAL TERMS (SUCH AS THE CANADA-BRAZ-
ILIAN AGREEMENT
M) OR TO SUBSTANTIALLY INCREASE DOMESTIC PRODUCTION
EVEN THOUGH THIS WOULD BE ANTI ECONOMIC. AS WE HAVE STATED
BEFORE, U S SHOULD BE PREPARED FOR THESE POSSIBILITIES IF NO
PL 480 ASSISTANCE IS FORTHCOMING.

3. FURTHER GOC CANNOT HELP BUT WONDER AT U S INTENTIONS
TOWARD COLOMBIA WHEN ITS REQUEST FOR PL480 ASSISTANCE REMAINS
UNANSWERED WHILE PL480 PROGRAMS ARE ANNOUNCED FOR BOLIVIA AND

JAMAICA AND A 3 YEAR LINE OF CCC CREDIT TO BUY 120,000 TONS
OF WHEAT IS MADE AVAILABLE TO CHILE. FROM COLOMBIAN POINT OF
VIEW ITS PROBLEMS ARE EVERY BIT AS SERIOUS AS THOSE OF BOLIVIA,
JAMAICA AND CHILE. PERHAPS DEPT WOULD FORWARD RATIONALE TO ANSWER
COLOMBIAN QUESTION WHY BOLIVIA, JAMAICA AND CHILE AND NOTHING
FOR COLOMBIA.

4. EMB CONTINUES TO STRONGLY URGE THAT EVERY EFFORT BE MADE
TO RESPOND FAVORABLY TO THE GOC'S REVISED PL480 REQUEST OR TO
PROPOSE A POSITIVE ALTERNATIVE THAT WILL HELP COUNTERBALANCE
ANY CANADIAN OFFERS ALONG LINES INDICAT REF A. IF NO WHEAT IS
FORTHCOMING UNDER PL480 WE RECOMMEND THAT WE OFFER A 3 YEAR
LIKE OF CCC CREDIT FOR THE PURCHASE OF A MINIMUM 100,000 TONS
OF WHEAT.

5. IF DEPT AGREES WE WILL DRAW ON INFO REFTEL A IN INFORMAL
DISCUSSION WITH GOC OFFICIALS BUT WILL NOT REPEAT NOT MAKE
ANY FORMAL REPRESENTATIONS UNLESS INSTRUCTED OTHERWISE. WHITE

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